

# Legislative Analysis



## EXEMPT CERTAIN BROADBAND EQUIPMENT

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**Senate Bill 46 (S-1) as passed by the Senate**  
**Sponsor: Sen. Aric Nesbitt**

Analysis available at  
<http://www.legislature.mi.gov>

**House Bill 4210 as introduced**  
**Sponsor: Rep. Beth Griffin**

**House Committee: Communications and Technology**  
**Senate Committee [SB 46]: Energy and Technology**  
**Complete to 2-23-21**

### SUMMARY:

Senate Bill 46 and House Bill 4210 would respectively amend the General Property Tax Act and 1905 PA 282 (which imposes a tax on certain railroad and utility property) to exempt eligible broadband equipment from taxation under those act.

**Senate Bill 46** would add section 9p to the General Property Tax Act to provide that, beginning December 31, 2020, *eligible broadband equipment* that resolves *lack of broadband service* by delivering high-speed internet access at speeds of at least 25 megabits per second downstream and 3 megabits per second upstream is exempt from the collection of taxes under that act.

*Eligible broadband equipment* would mean any personal property acquired by a *qualified business* that is predominantly used for or substantially related to providing broadband service in at least one direction; that was first installed or used by the qualified business after December 31, 2020; and that has been used by the qualified business for 10 years or less.

*Qualified business* would mean an individual, sole proprietorship, partnership, corporation, association, limited liability company, or any other legal entity that provides terrestrial broadband service, including terrestrial wireless broadband service.

*Lack of broadband service* would mean either no internet access or access that is delivered at speeds of less than 10 megabits per second downstream and 1 megabit per second upstream.

The bill would take effect 90 days after the date it is enacted.

Proposed MCL 211.9p

**House Bill 4210** would add section 5c to 1905 PA 282 to provide that, beginning December 31, 2020, eligible broadband equipment that resolves lack of broadband service in an unserved area when placed in service is exempt from taxation under 1905 PA 282 and from the collection of taxes under the General Property Tax Act as provided in section 9p of that act. To claim this exemption, a qualified business would have to file with the Department of Treasury, by February 20 of each year the exemption is claimed, a statement from its president or CEO or the holder of an equivalent position that specifically describes the equipment and certifies that it meets the requirements for the exemption, or else provide similar certification in a form and manner prescribed by the Department of Treasury.

The terms “broadband service,” “eligible broadband equipment,” and “unserved area” would be defined as they are in section 9p of the General Property Tax Act.

As introduced, House Bill 4210 is tie-barred to House Bill 4209, which means that it could not take effect unless House Bill 4209 were also enacted. House Bill 4209, like Senate Bill 46, would add section 9p to the General Property Tax Act. (As introduced, House Bill 4209 includes definitions for “broadband service” and “unserved area,” which Senate Bill 46, as it was passed by the Senate, does not.)

MCL 207.5c

#### **FISCAL IMPACT:**

As written, the bills would reduce state and local tax revenue by an unknown amount. Because it is not possible to know how much equipment would be classified as exempt under the bills, what the taxable values would be, and the appropriate local millage rates, the loss of property tax revenue to local units of government, the School Aid Fund via the state education tax, and the general fund cannot be estimated.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.